

# **Operation: Streamline II**

## **The “Flex 5” Plan**

***Giving Mississippi the Flexibility to Save 5% and the Opportunity to Balance the Budget***

### **GOALS**

- Focus on job creation by rejecting tax increases on Mississippians and our recovering economy
- Dedicate more education dollars to the classroom rather than to administration
- Increase support for law enforcement, public safety and homeland security
- Increase support for our health care needs while addressing the spiraling costs of our Medicaid program
- Bring Mississippi’s budget into structural balance through more efficiency in state government

### **HIGHLIGHTS**

#### **Budget**

- Represents a 2.4% increase over the FY05 actual budget (General Fund, BCF, EEF, HCEF) for a total budget of \$4.5 billion for General Fund agencies.
- Gives state general and special fund agencies the flexibility to save 5% during the next fiscal year – saving almost \$100 million
- Identifies additional savings and reallocations of more than \$326 million
- Rejects raising taxes on Mississippians which would encourage continued irresponsible spending and damage Mississippi’s economic growth

## **Education**

- Fully funds the teacher pay raise – keeping Mississippi’s commitment
- Increases MAEP (Mississippi Adequate Education Program) funding by 4% over last year -- increases classroom dollars in MAEP by 8% while reducing administrative costs in schools by 5%
- Adds \$3.5 million to textbook funding for Mississippi schools which could purchase more than 50,000 new textbooks
- Doubles the appropriation for classroom instructional supplies
- Meets the commitment of Ayers settlement funding for Mississippi’s historically black universities with a \$9 million allocation increase to \$23.4 million.

## **Health Care**

- Prioritizes the \$20 million “Partnership” segment of the Mississippi Tobacco Settlement Fund to be used for the state’s more critical health care responsibility – Medicaid recipients.
- Maintains funding level for Mississippi’s University Medical Center, which is the primary provider of charity care in Mississippi
- Increases funding for Mississippi’s Medicaid program by \$43 million, or 10.25%.

## **Public Safety**

- Addresses Mississippi's Highway Patrolman shortage by providing funding for a long overdue trooper school which will add 50 new trained and equipped officers
- Maintains the funding level for the Mississippi Bureau of Narcotics which has recently produced a 39% increase in drug arrests
- Maintains current funding level for Mississippi's National Guard and Office of Homeland Security who are currently engaged in the War on Terror

### **Homestead Exemption**

- Keeps Mississippi's commitment to local governments and taxpayers by fully-funding the state's homestead exemption reimbursement

### **Streamlining Government**

- Hires additional auditors at the Mississippi State Tax Commission to collect an estimated \$10 million in uncollected taxes
- Merges the Forestry Commission into the new Department of Agriculture, Forestry and Commerce - saving \$8 million
- Reforms Mississippi's State Employee Health Insurance Program by allowing choices in premiums and deductibles - saving \$25 million
- Uses extra oil and gas severance taxes to supplement the General Fund -- reallocating \$56 million
- Restores the entire state share of the gaming tax to the General Fund, as was originally intended and followed last year -- allocating \$58 million (does not affect local government share)
- Strengthens enforcement of Mississippi's uninsured motorist law - creating more than \$5 million in new revenue and lowering insurance costs for Mississippians

- Implements a fleet management program administered by the Department of Finance and Administration to realize cost-savings from Mississippi's fleet of more than 9,000 state vehicles (DFA estimates the state vehicle fleet could be reduced by more than 1300 cars)

<Chart #1: **logo**>

<Chart #2: **budget bullets**>

<Chart #3: **10 year revenue vs. expenditures**>

<Chart #4: **Taxing Mississippi's Economy**>

# **The Disaster Plan:** **Taxing People's Pocketbooks and Mississippi's Economy**

***How some would "raise" \$895 million for Mississippi's budget:***

<b><u>Raise Cigarette Tax by 656% (or \$1 per pack)</u></b>	<b>\$170 million</b>
Largest Hike in Mississippi History	

<b><u>Raise Income Tax by 20%</u></b>	<b>\$212 million</b>
Mississippians Hurt: 1.2 million	
Largest Hike in Mississippi History	

<b><u>Raise Sales Tax by 20% (or 1.5 cents)</u></b>	<b>\$450 million</b>
Mississippians Hurt: 1.9 million	
Largest Hike in Mississippi History	

**Raise Corporate Income Tax by 20%**

**\$63 million**

Mississippi Businesses Hurt: 63,000

Largest Hike in Mississippi History

**\$895 Million Tax Increase**

**Mississippians Hurt: Everyone**

**Largest Tax Hike in State History**